# Below Market Rate Housing Program

The City of Morgan Hill is pleased to offer a home-ownership program for first-time homebuyers. This program, called the Below Market Rate Housing Program (BMR Program), links qualifying buyers with sellers of designated affordable priced homes. Program participants need to obtain their own financing. In exchange for the opportunity to buy a home under this program, participants are required to sign an agreement that restricts the resale of the BMR home for 45 years.

## What are the eligibility requirements for the program?

To qualify, applicants must:

be a first time homebuyer (within the last three years and are current renters) be income eligible; adjusted by household size (income limits listed below)

be mortgage eligible (fixed rate interest loan only)

have a monthly housing cost at or below 35% of their monthly gross household income have a good credit rating (varies by lender)

have minimum of 3% downpayment

able to pay monthly homeowner's association due (if applicable)

attend City of Morgan Hill's BMR Program Orientation

attend a HUD-certified First-time Homebuyer 8-Hour Class

## What do I have to do to participate in the Program?

Step 1 Add your name to the Notification List

To add your name to the Notification List, you must complete an informal application (one page, no cost). This informal application will be reviewed to informally determine eligibility; applications are processed on a first-come, first-served basis.

Application will be placed in one of two priority levels, "A" or "B". Priority "A" is the highest priority. The highest priority is given to applicants who currently live in Morgan Hill and have lived here for at least 12 consecutive months. Priority "B" is for applicants employed in Morgan Hill. Applicants in the B category will be contacted if a buyer cannot be identified from the Priority A list (Morgan Hill residents). These names will be purged on the third anniversary.

**Step 2** Approximately 12 months prior to being given an opportunity to purchase a home, the applicant will be asked to complete a pre-screening application to verify continued interest, priority, and eligibility.

#### **Step 3** File a formal Program application

Approximately one year from the offering of a home, you will be requested to purchase a formal BMR application for a non-refundable fee of \$30.00. This application is much more detailed than the Notification or Pre-Screening applications. If you meet all Program eligibility requirements, you will be moved to the Eligibility List which is also kept on a first-come, first-served basis as of the date you are found eligible.

**Step 4** Decide whether or not you want to purchase a BMR house offered to you To participate in the Program, you must submit a formal application which can be purchased for a \$30 non-refundable fee and required submittal of all verification documentation.

You will be notified by City of Morgan Hill staff when your name reaches the top of the Eligibility List and a BMR home becomes available for purchase. You will be given the opportunity to look at the home and determine whether or not you want to purchase it. You can be offered a maximum of three homes. If you decline all three offers to purchase a home, your name will be moved to the bottom of the Eligibility List.

### **Income Limits**

To qualify for the BMR Program you must be income eligible. The table below shows the current maximum incomes.

### **BMR Program Income Limits – January 2009**

Income level	1 person	2 persons	3 persons	4 persons
Lower Income	\$59,400	\$67,900	\$76,400	\$84,900
Median Income	\$73,850	\$84,400	\$94,950	\$105,500
Moderate Income	\$88,600	\$101,300	\$113,950	\$126,600

# How much can I expect to pay for a BMR home?

BMR home prices vary based on bedroom count and on the income category for which you qualify, e.g., Lower Income, Median Income, or Moderate Income. The following chart shows the current sales price for BMR homes:

<b>Income Level</b>	2 Bedroom	3 Bedroom	4 Bedroom
Lower	\$238,500	\$264,000	\$283,500
Median	\$303,500	\$335,500	\$361,500
Moderate	\$368,000	\$407,500	\$439,000

Note: These figures are updated annually

#### For More Information

For an application or more information please contact the Business Assistance and Housing Services Department at **408-778-6480** or **bahs@morgan-hill.ca.gov**. The application may be downloaded at www.morgan-hill.ca.gov/housing/BMR Interest List Appl.pdf

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